

- D R A F T -

## Grantville Redevelopment Project Area Housing Enhancement Loan Program (G – H.E.L.P.)

*“Here’s an easy, low cost way to maintain and improve the value of your home and your neighborhood. The Redevelopment Agency of the City of San Diego offers low-interest loans for owner occupied single-unit residential properties within the Navajo and Tierrasanta Community Planning Areas to those who want to improve their homes. Loan assistance is available to offset the cost of qualified interior and exterior improvements. Loans may be used to eliminate any potential housing safety violations and on general property improvements such as: roofs, gutters, downspouts, windows, furnaces, hot water heaters, exterior painting, exterior waterproofing, plaster repairs, electrical repairs, plumbing repairs, and carpentry repairs”.*

The City of San Diego Redevelopment Agency and the San Diego Housing Commission or a private contractor shall market and administer the Grantville Housing Enhancement Loan Program (“G - H.E.L.P”) to very low-to-moderate income households occupying single-unit residential properties that are owner occupied within the Navajo and Tierrasanta Community Planning Areas.

The type and number of loans offered at any particular time from the program may vary depending on the amount of housing set-aside funding available as more particularly discussed in the guidelines below. Should additional rehabilitation funding be needed, applicants may also apply for citywide Housing Rehabilitation Programs administered by the San Diego Housing Commission and other private and public agencies to supplement these programs, if and when eligible. G - H.E.L.P shall be administered in accordance with the attached Agreement. Housing enhancement loans shall be subject to standard loan approval policies and the guidelines described below:

**- D R A F T -****GUIDELINES****Housing Enhancement Loans**

A one-time only Housing Enhancement Loan of up to \$25,000 at an annual simple interest rate of 3% shall be made available to owner-occupants of single-unit residential properties which are within the Navajo and Tierrasanta Community Planning Areas, whose gross household income is no greater than 110% of the Area Median Income of San Diego County, adjusted for household size and determined in accordance with the U.S. Department of Housing and Urban Development criteria in effect and published from time to time ("AMI"). Loan assistance shall be available to offset the cost of qualified interior and exterior improvements. The Housing Enhancement Loan may be used to address potential housing safety violations as well as for general property improvements including roof repairs and replacements, gutter and downspout work, window improvements, furnace repairs and replacements, hot water heater improvements, exterior painting, exterior waterproofing, plaster repairs, electrical repairs, plumbing repairs, carpentry repairs and to assist with compliance with Universal Design standards. The loans available under G - H.E.L.P may be utilized by eligible borrowers in conjunction with other rehabilitation programs from the San Diego Housing Commission.

A twelve-year deed restriction in the form of an Agreement Affecting Property including Affordability Restrictions (the "Affordability Restriction") shall be imposed upon each residential property which is the subject of a Housing Enhancement Loan ("Property") as a condition of disbursement of the Loan. The Affordability Restriction shall: (i) require that the owner maintain residence at the Property for at least eight (8) years; and (ii) limit conveyance of the property to persons who will occupy the Property as their full-time residence and whose gross household income at the time of such conveyance does not exceed 110% of the AMI, adjusted for household size. Existing Housing Enhancement Loans may be assumed by new owners so long as the new owner meets the eligibility criteria of G - H.E.L.P. In the event a Property subject to the Affordability Restriction is refinanced and equity is cashed out, the principal balance of the Housing Enhancement Loan plus accrued interest shall be immediately due and payable.

The Affordability Restriction shall also provide for certain maintenance measures, which measures shall specifically require that the Property be maintained at or superior to the level of quality achieved by the rehabilitation and/or enhancement afforded by the Housing Enhancement Loan. In the event a default occurs under the Affordability Restriction (including, without limitation, failure by the borrower to maintain the Property at the level of quality achieved by the enhancement and/or rehabilitation pursuant to the Housing Enhancement Loan) and such default is not cured within sixty (60) days following written notice from the Agency, the Redevelopment Agency may, at its sole discretion, require immediate repayment of the unforgiven balance of the Loan and accrued interest in the amounts as set forth below. Repayment of a Housing Enhancement Loan as result of an uncured default shall be repaid as described in the table below for the Grantville Housing Enhancement Loan Program and language regarding such payment is set forth below.

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# GRANTVILLE HOUSING ENHANCEMENT LOAN PROGRAM (G – H.E.L.P)

## - REPAYMENT TABLE -

Within Applicable Year	Percent Principal To be Repaid
1 to 7	100
8	80
9	60
10	40
11	20
12	0

### Memorandum of Agreement Affecting Real Property Language (Rather than a Deed of Trust and Note)

The Affordability Restriction shall contain the following language:

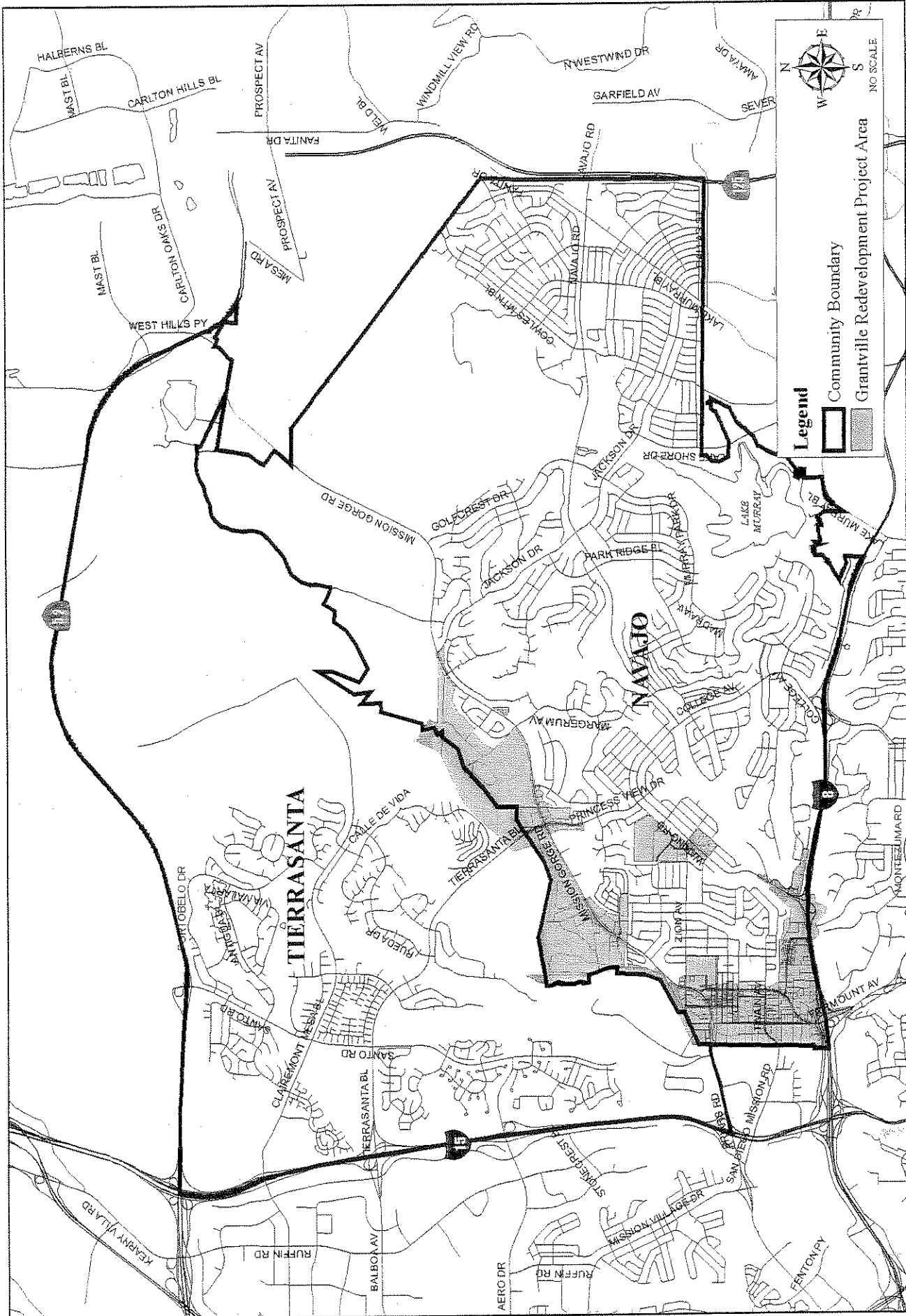
BORROWER agrees that should the PROPERTY be sold, rented, conveyed, leased, transferred, assigned, further encumbered, alienated or refinanced less than twelve (12) years after the date of this AGREEMENT, without the prior written consent of the AGENCY, the remaining LOAN principal, plus simple interest on the remaining balance at three percent (3%) per annum shall be repayable to the AGENCY, at AGENCY sole discretion, as follows: During years one (1) through seven (7), full principal plus simple interest on the remaining balance at three percent (3%) per annum from the date of loan recording shall be repayable.

Commencing with the eighth (8<sup>th</sup>) year, an amount equal to twenty percent (20%) of the original principal shall automatically be forgiven each year to the twelfth (12<sup>th</sup>) year. The amount repayable from the eighth (8<sup>th</sup>) year on will be the unforgiven principal balance plus simple interest at three percent (3%) per annum on the unforgiven principal balance from the date of loan recordation.

Before End of Year:	1	2	3	4	5	6	7	8	9	10	11	12
Percent of Loan to be Repaid:	100	100	100	100	100	100	100	80	60	40	20	0

**- DRAFT -****Status of Funding**

The Grantville Redevelopment Project Area was adopted by the San Diego City Council on May 3, 2005. Presently, such adoption is the subject of a pending validation action that is expected to be resolved in calendar year 2006. However, the Grantville Redevelopment Project Area designation will remain in place unless it is invalidated by a court of law. In the event the adoption of the Grantville Redevelopment Project Area is validated, the Redevelopment Agency of the City of San Diego will receive tax increment revenue from the Grantville Project Area; a portion of which will be set aside for affordable housing purposes in accordance with California Redevelopment Law (the "Housing Set-Aside Funds"). The Grantville Housing Enhancement Loan Program would be funded by the Housing Set-Aside Funds. The type and number of loans offered at any particular time for the Grantville Housing Enhancement Loan Program may therefore vary depending on the amount and availability of Housing Set-Aside Funds attributed to the Grantville Redevelopment Project Area.



# Grantville Housing Enhancement Loan Program

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